

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03 LAB-04

SIL-01 L-03 H-02 PA-01 PRS-01 ARAE-00 /085 W

----- 115535

P R 181502Z JUL 75

FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC PRIORITY 7430

INFO AMEMBASSY TEGUCIGALPA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

C O N F I D E N T I A L GUATEMALA 3738

E.O. 11652: GDS

TAGS: PFOR, EINV, GT

SUBJECT: WALL STREET JOURNAL STORY ON DEL MONTE

1. EDWARD TAYLOR, GENERAL MANAGER OF BANDEGUA, DEL MONTE'S GUATEMALAN SUBSIDIARY, AND CARLOS PINTO, BANGEGUA'S OFFICER IN CHARGE OF GOVERNMENT RELATIONS, WERE SUMMONED BY MINISTER OF ECONOMY PALOMO AND ATTORNEY GENERAL MOSCOSO JULY 15 AND GIVEN TWENTY FOUR HOURS TO ANSWER SERIES OF QUESTIONS ABOUT WALL STREET JOURNAL REPORT. TAYLOR CALLED ON AMBASSADOR JULY 17 TO GIVE HIM COPY OF TELEGRAM FROM DEL MONTE, IN SPANISH, WHICH PINTO HAD DELIVERED TO PALOMO'S HOME LATE JULY 16, SLIGHTLY BEYOND TWENTY FUR HOUR DEADLINE.

2. TELEGRAM (COPY POUCHED ARA/CEN) BEGINS BY "LAMENTING PROFOUNDLY" THAT NAME OF GUATEMALA AND OF DEL MONTE HAVE BEEN SUBJECTED TO DEROGATORY PUBLICITY WITH RESPECT TO A MATTER IN WHICH COMPANY CONSIDER THAT IT HAS ACTED MORALLY AND LEGALLY. DEL MONTE EXPLAINS THAT SOME TIME AGO SEC HAD INFORMED
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IT THAT BOTH SEC AND JOURNAL HAD RECEIVED INFORMATION FROM

ANONYMOUS SOURCES THAT DEL MONTE HAD MADE IMPROPER PAYMENTS OF MORE THAN AMILLION DOLLARS IN CONNECTION WITH ACQUISITION OF ITS PROPERTIES IN GUATEMALA. DEL MONTE RESPONDED FULLY TO SEC'S QUESTIONS AND EMPHSIZES THAT AT LEAST SO FAR SEC "IS APPARENTLY SATISFIED WITH INFORMATION SUPPLIED THAT NOTHHING HAS OCCURRED THAT COULD BE CONSIDERED ILLEGAL OR IMMORAL IN GUATEMALA OR IN US."

3. TELEGRAM SAYS THAT DEL MONTE DID DECIDE TO EMPLOY SERVICES AS AN ADVISER "OF A GUATEMALAN BUSINESSMAN WHO HAD BROAD KNOWLEDGE OF LOCAL CUSTOMS OF GUATEMALA, INCLUDING THOSE RELATING TO THE ORGANIZATION OF BUSINESSES, LABOR RELATION, TAX LAW, ETC., AND WHO THEREFORE COULD ASSIST US IN FINALIZING ACQUISITION OF UNITED BRANDS PROPERTIES IN GUATEMALA AGREEMENT WITH CONSULTANT WAS REACHED OUTSIDE OF GUATEMALA WITH EXPRESS CONDITION THAT HIS ANONIMITY WOULD BE PROTECTED FROM CRIMINAL AND RADICAL ELEMENTS WHO COULD PHYSICALLY HARM HIM AND HIS FAMILY. SUMS PAID TO THIS CONSULTANT DURING A LONG PERIOD CAME TO LESS THAN TWO AND A HALF PERCENT OF TOTAL VALUE OF ACQUISITION, WHICH IN A TRANSACTION OF THIS SIZE IS CONSIDERED LESS THAN USUAL. MAJORITY OF AMERICAN COMPANIES THAT OPERATE IN GUATEMALA AND OTHER COUNTRIES HAVE ADVISERS TO ASSIST THEM TO INTERPRET LAWS OF COUNTRY AND LOCAVSCUSTOMS THIS ARRANGEMENT SHOULD NOT BE SEEN AS ANY LESS CORRECT THAN ANY OTHER ARRANGEMENT THAT OTHER FOREIGN COMPANIES HAVE WITH THEIR GUATEMALAN ADVISERS." TELEGRAM CONCLUDES WITH ASSURANCE THAT DEL MONTE WILL COOPERATE FULLY IN GOG INVESTIGATION.

4. TAYLOR, IN CONVERSTION WITH AMBASSADOR, ADDED SOME DETAILS. HE SAID COMPANY HAD HAD VERY GOOD REALTIONS WITH THEN AMBASSADOR DAVIS AND HAD WORKED CLOSELY WITH HIM IN EFFORT OBTAIN GOG APPROVAL OF DEL MONTE PURCHASE. BUT IT WAS UNSUCCESSFUL. THEN, TAYLOR SAID, OTHER GROUPS BEGAN MANEUVERING TO OBTAIN PROPERTIES, AND WHEN IT WAS EXPLAINED TO GOG THAT GAMBLING AND RACING INTERESTS WERE INVOLVED IN CERTAIN OF THESE GROUPS, GOG HAD "CHANGE OF HEART." THIS APPARENTLY DID NOT APPLY TO THEN MINISTER OF ECONOMY MONINA MENCOS, WHO TOLD AMBASSADOR DAVIS IN 1972 THAT DEL MONTE WOULD DEFINITELY CONFIDENTIAL

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NOT GET APPROVAL. TEN DAYS ALTER DOCUMENT WAS SIGNED BUT BY VICE MINISTER, DURING MOLINA MENCOS' ABSENCE FROM COUNTRY. TAYLOR INSISTED HE DID NOT KNOW IDENTITY IF DEL MONTE'S CONSULTANT, CLAIMING THAT DEL MONTE HAD KEPT ALL OF LOCAL PEOPLE, ALL OF WHOM, INCLUDING TAYLOR, THEN WORKED FOR UNITED BRANDS, IN DARK NEGOTIATIONS AND NEVER ASKED THEIR VIEWS OR OPINIONS.

5. AMBASSADOR NOTED LATIN WIRE SERVICE STORY, DATED WASHINGTON, WHICH PRENSA LIBRE HAD CARRIED JULY 17, MIKE ROUDNEV, DEL MONTE'S DIRECTOR OF PUBLIC AFFAIRS, AS SAYING COMPANY WAS PREPARED TELL GOG NAME OF ITS CONSULTANT. TAYLOR SAID HE HAD NO INFORMATION TO CONFIRM REPORT.

6. AMBASSADOR THEN READ TO TAYLOR PASSAGE OF DEL MONTE'S TELEGRAM IN WHICH COMPANY "FORMALLY DECLARES TO GOG THAT AT NO TIME HAS DEL MONTE OR ITS SUBSIDIARIES AND REPRESENTATIVES GIVEN ILLEGAL PAYMENTS OR BRIBES TO ANY AUTHORITY, OFFICIAL, EMPLOYEE, CONSULTANT OR ADVISER OF PREVIOUS OR PRESENT GOG." AMBASSADOR SAID EMBASSY HAD HEARD RUMORS THAT BRIBES MIGHT HAVE BEEN GIVEN OR OFFERED TO MEMBERS OF CONGRESS IN SUCCESSFUL EFFORT LAST YEAR TO PREVENT ITS ADOPTION OF TAX ON BANANA EXPORTS. HE THOUGHT IT VERY LIKELY THIS CHARGE WOULD BE HEARD AGAIN DURING CURRENT FUROR, AND THAT IF ANY SUBSTANCE AT ALL WERE FOUND TO SUCH CHARGES THEY WOULD HURT DEL MONTE MORE THAN CURRENT STORY. TAYLOR AGREED WITH THAT ASSESSMENT BUT SAID HE KNEW NOTHING OF ANY SUCH PAYMENTS OR DISCUSSIONS OF PAYMENTS.

7. AMBASSADOR EXPRESSED APPRECIATION FOR VISIT AND SAID EMBASSY WELCOMED OPPORTUNITY TO TALK WITH DEL MONTE REPRESENTATIVES.
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